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FCC Mail Room

Chairman Julius Genachowski
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

Re: Ex Parte Presentation – WC Docket No. 10-90; GN Docket No. 09-52; WC
Docket No. 07-135; WC Docket No. 05-337; CC Docket No. 01-92

Dear Chairman Genachowski:

After reading your October 6th remarks on ICC/USF reform I am compelled to write in support of your efforts. In many respects my company is the poster-company for the changes in regulation that you are proposing.

By way of background, I am the CEO of WVT Communications Group, a Nasdaq-traded company which includes Warwick Valley Telephone (WVT), a semi-rural/suburban RLEC in the Mid-Hudson region of New York State. A veteran of over 40 years in the telephone business, in 2007 I was brought in to turn around WVT. Historically, WVT had been an innovative, technology-adept RLEC, as evidenced by its early adoption of digital switching, DSL and video over telephone cables (using the early VDSL technology). However cable competition had taken its toll and by 2005 the company was in financial difficulty.

Our first efforts in 2007 were to bring operating efficiencies to an RLEC whose cost structure had not changed to match the ever-increasing losses of residence access lines due to cable TV competition. However, by 2009 the RLEC access line losses from wireless substitution were beginning to outpace the losses to cable TV. At the end of that year, we had lost 53% of our residence access lines. At the same time, our semi-rural/suburban NY customers were demanding greater bandwidth with which to handle their data needs such as Internet downloads and large files being emailed to and from their workplace. It became clear we faced a serious shortage of bandwidth to meet our customers' needs.

In response, we had to rethink our infrastructure – both inside and outside the central office. One very difficult decision was to abandon our landline video product, replace it with a satellite video service and thereby free up bandwidth. The landline video was consuming a significant amount of bandwidth, exacerbated by attempts to add high-definition channels which drained even more bandwidth away from our internet users. In 2010 we began making the tough moves to encourage customers to move to our satellite video product (we resell DirecTV) by increasing landline video rates and dropping channels when, because of our small consumer base, content providers attempted to impose onerous price increases (some content providers were increasing rates by as much as 87%). At the same time we exponentially increased our broadband throughput capacity by building a 10 Gigabit backbone ring and introducing the newest broadband technology to our outside plant to increase the local bandwidth speeds. Ironically, the staggering losses of access lines benefitted us...we had significant spare cable facilities with which we could do pair-bonding to further increase broadband speeds.

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The result of our efforts is that, today, over 80% of our RLEC customers now have a minimum of 15Mb of bandwidth and most of them can even upgrade to 30Mb if they need it.

Ultimately, it has been our marketplace and not government subsidization that has been driving our business decisions. As you pointed out in your October 6th speech, customers are begging for high-speed broadband service and it's our obligation as franchised service providers to be responsive. It's time we restructure our government subsidies to match the marketplace needs. WVT is a good example of this. Feel free to use our story in support of your efforts.

Sincerely,



Duane Albro
President & CEO



